

Snapshot of Acuity High Income Fund

Anne Leeson, Investment Planning Counsel

September 22, 2011 - The Acuity Investment Team has updated us on their take on these volatile markets.

Over the past several weeks the team has seen a significant deterioration in credit markets. They feel that until a long-term resolution is passed to address the debt crisis in Europe, it is prudent to shift portfolios to a more conservative stance.

The Acuity Team used the rebound following the sell-off in early August as an opportunity to sell some of their equity positions and move the proceeds into conservative fixed income holdings. They have been keeping capital preservation a priority by shifting assets to a more conservative stance. Protecting clients is a priority.

Specifically in the Acuity High Income Fund, equity exposure has been reduced by 10% to approximately 55% in total.

They have recently chosen to move their fixed income positions to more conservative allocations. They still feel that corporate bonds provide the best opportunity for capital appreciation and yield in fixed income and they view this reallocation as temporary. When a more permanent resolution has been agreed to in Europe, they will shift to a more offensive position.

With regards to credit markets they feel that liquidity is a major concern for European banks. The risk of insolvency for European banks has increased significantly as interbank lending has diminished significantly.

In contrast they feel that North American Banks look healthy and well-capitalized. The credit markets in North America are also more optimistic and they believe default rates will remain low. Balanced sheets are healthy for most corporations.

In volatile times like these, I think it's important for you to know what your managers are doing with your investments. Please feel free to contact me at **519-680-3043** for any questions or concerns.

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